



2013 Budget Review

CITY COUNCIL

MINUTES October 4, 2012 5:30PM

COUNCIL MEMBERS PRESENT:

J. Waltman, F. Acosta, D. Reed, S. Marmarou, R. Corcoran, M. Goodman-Hinnershitz, D. Sterner

OTHERS PRESENT:

L. Kelleher, D. Cituk, M. Bembenick, C. Younger, C. Zale, C. Snyder, V. Spencer

Mr. Acosta, President of Council, called the meeting to order at 5:30 pm.

2013 CDBG Action Plan

This issue was reviewed and discussed at the October 1st Committee of the Whole meeting.

2013 General Fund Budget Overview

Mr. Spencer highlighted a power point presentation distributed to Council late this afternoon which contains his Budget Message. He expressed concern that the reductions made went too deep. He stated that PFM insisted that the Administration make cuts from the 2012 allocations. He stated that PFM reacted strongly against the proposed clean and safe projects and programs that would move the City forward. He stated that this budget will not improve services to the City's residents.

Mr. Spencer stated that the original budget contained a land value tax and a street assessment along with a reduction in the rental inspection fees. He stated that the budget summary presented this evening will require the reduction of employment positions; however, no cuts will be made to Police and Fire. The positions cut will be in Accounting, Codes and the Citizens Service Center. He stated that the City will work to reduce Police and Fire overtime. He expressed the belief that the budget presented will negatively impact the City's core services.

Mr. Spencer stated that the budget for 2013 is \$73,407,691. He noted that pension costs have

increased by over \$2M and that health insurance and self insurance costs have risen. He stated that this budget includes at 15% real estate tax increase and a street light assessment that will be charged to all property owners, not only those who pay property taxes. The street light assessment and the tax increase will generate approximately \$3M in revenue.

Mr. Spencer stated that the Act 47 Recovery Plan must be amended. He stated that requests were made all year and he is unsure why PFM has not yet completed the amendment.

Mr. Marmarou stated that the addition of police officers and firefighters should work to reduce overtime. Mr. Spencer stated that the FOP believes that Overtime tracking needs to be improved. Ms. Snyder stated that Overtime in Patrol and Criminal Investigations went over budget by \$1.2M.

Ms. Goodman-Hinnershitz agreed with the need to amend the Act 47 Recovery Plan. She stated that the City cannot continue to increase taxes to the City's residents.

Mr. Sterner noted that the pension increases are not surprising. He noted that this is a state-wide and nation-wide problem.

Ms. Reed stated that the Pennsylvania Legislature needs to give municipalities the tools they need to survive and improve.

Mr. Corcoran noted that the City and RAWA under-perform in the collection of municipal fees and water/sewer utilities. He noted the high delinquency rates for the properties moving through the BPRC process. He stated that it is rare to see a water lien where a delinquency exists. He suggested working to improve collections before increasing the burden on the taxpayer.

Mr. Waltman noted the repeated requests for an amended Act 47 Recovery Plan. He expressed the belief that the Act 47 Coordinator, PFM, has failed Reading. He stated that the plan contains a \$6M miscue in EIT. He stated that many of the initiatives in the Plan are unattainable. He stated that the plan impedes the City's financial progress. He expressed the belief that PFM has acted irresponsibly.

Mr. Acosta questioned why PFM did not note the City's problems at the bi-monthly Act 47 meetings. He stated that week after week PFM reports that Reading is performing well. He expressed the belief that the working class has carried the tax burden long enough. He suggested a meeting with PFM and the State Representatives for Reading. He questioned if PFM rejected the budget on Sunday.

Mr. Spencer stated that PFM was provided with information on the budget as it was being

prepared and did not provide any negative comment. He stated that PFM rejected the budget on Sunday afternoon.

Ms. Snyder noted that the unions made concessions in pensions and wages during contract negotiations. However, the City will not be relieved of any pension burden for over 30 years, until all current employees are retired and have passed away. She also noted that the City's obligation for pension expenses is also affected by the stock market.

The group discussed the breaks in the Act 47 Recovery Plan and the need to meet with Lancaster to discuss their success.

Ms. Snyder and Ms. Kelleher suggested reviewing the revenue along with the expenditures for the Mayor and Managing Director's Office at Saturday's meeting.

The session adjourned at approximately 6:45 pm

Respectfully submitted by Linda A. Kelleher, Secretary